

PRESS RELEASE

Iberdrola sentenced for trying to silence its small shareholders

7 April 2016 - At last year's Annual General Assembly of Iberdrola, Adicae – one of Better Finance's Spanish member organisations - denounced the behaviour of the company's Board of Directors with regard to its small shareholders. During the meeting Adicae protested against the fact that Iberdrola used the attendance bonus as bait for shareholders to vote in favour of the Board's proposals.

Adicae also criticized Iberdrola's policies and practices such as the very high compensation of their board members as well as the phenomenon of 'revolving doors' leading to less independence from authorities and legislators since many of the executives or board members come from political spheres.

The company reacted by suing Adicae for allegedly "undermining its reputation in the marketplace". This backfired, since in a recent notable ruling the Commercial Court of Bilbao completely rejected Iberdrola's case against ADICAE, dismissing all accusations and sentencing the company to pay all legal costs.

In a statement the court stressed that the Association merely used critical and negative terms to voice its disagreement without inflicting any harm to the company's position on the market. Going even further, the ruling states that "to resolve otherwise would unduly limit the freedom of expression of those with critical opinions at general shareholder meetings."

According to Adicae the ruling exposes the true face of a company that had been boasting about 'being at the forefront of corporate governance' and championing shareholder rights, whereas in reality Iberdrola has unsuccessfully attempted to silence and censor legitimate criticism by its shareholders.

Sadly Iberdrola has filed an appeal seemingly trying to delay its surrender until its next shareholders' meeting on April 8.

The court ruling validates the type of actions undertaken by ADICAE at general meetings of large Spanish banks and corporations, such as Santander or Iberdrola, to collectively defend the rights of small shareholders. Better Finance supports ADICAE in its requests for a transparent and proper governance of these companies, which respects the rights of small shareholders.

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